

Good morning and thank you for the opportunity to speak today on this very important topic – Jobs! My name is Eric Klepfer and I am representing Montanore Minerals Corporation. We are currently developing the Montanore Project which is a large silver/copper deposit that many of you may be familiar with that is located near Libby, Montana.

The deposit contains approximately 116 million tons of mineral resource which is comprised of 230 million ounces of silver and 1.7 billion pounds of copper. The capital costs of the project are in excess of \$500 million.

The project is proposed as an underground mine operation and uses a simple, clean flotation system for mineral recovery. The mine life is projected to be approximately 20 years.

The project is estimated to employ approximately 500 people during construction and 350 to 400 people during operations. Lincoln and Sanders Counties have some of the highest unemployment rate in the State; at 16.1 and 15.3% respectively.

Indirect job multipliers for mining projects are generally in range of 3 indirect jobs for each mining job. Using a very conservative ratio of 2:1, this could result in an additional 800 jobs in the local community beyond those planned for the mine. Montanore is committed to local hire which will ensure job opportunities allowing families to return or remain in Lincoln County.

The project was fully permitted to operation in 1993. The project remained in a standby mode due to depressed metal prices until 2003. Montanore Minerals Corporation decided to initiate efforts to allow project development to proceed. The permitting effort started in December of 2004. Montanore Minerals continues to work on this after more than 6 years; a draft EIS has been completed. ^{UNFORTUNATELY} A project with this much history should have been completed in 3 to 5 years. The local community is tremendously supportive of the project and is desperately waiting for this long process to conclude so they can ~~see~~ ^{SEE} jobs and economic growth in the community.
~~RECEIVE~~

There are many issues that face companies attempting to develop mineral properties whether they are on private or public lands. ^{THIS DIRECTLY IMPACT JOB OPPORTUNITIES} Of all the issues facing a project, ~~"certainty"~~ in the permitting process and the reduction of incremental regulatory creep are critical to project development. In addition, Montana has some very critical issues related to the Endangered Species Act, in particular the grizzly bear and wolf.

The financial institutions, that are critical to funding major mineral projects, have given Montana a very low rating as a desirable place to finance projects. The perception is that there is an "unfavorable" environment for natural resource development.

While we have a good working relationship with state agencies there are regulatory issues that we currently face in our

permitting process that feed the perception of the financial institutions. As an example, the Hard Rock Operating Permit for Montanore remains in effect as a valid permit. At this point, there has been no perceived benefit to our overall state permitting process or schedule that one would expect when holding a state permit; and much of this is due to the regulatory and policy framework that is in place. There is a large amount of duplication between the NEPA/MEPA programs. A more streamlined approach would help significantly in reducing project delays.

Regulatory certainty and regulatory creep are other issues that impact natural resource development. Even though we have certain authorizations, there is some uncertainty as to how the State will deal with these issues in the MEPA analysis. This causes delays in the process even though these types of issues have gone through the review and public process. A stable regulatory environment is critical to entice future businesses to the State.

Regulatory "creep" is the incremental change in environmental requirements over time that is not fully supported by the legislative process. Department policy and guidance are not replacement for the legislative process.

These are just a few examples of the issues that face Montanore and other mineral development projects. Improvement in the regulatory environment is critical to

address perceptions held by others outside the state and encourage development in Montana. *AND CREATING JOBS.*

Finally, an extremely important issue to the state and local communities for jobs is the Endangered Species Act. This Act has had unintended consequences ^{ON} ~~to~~ rural communities and their economic livelihood. The State of Montana needs to play a larger role working with federal agencies on behalf of the people of Montana. These are complex issues and have wide sweeping impacts to rural communities. These issues will continue to be a significant hurdle for natural resource development in this state and limit rural community *JOB* opportunities.

Montanore has attempted to be proactive and proposed several collaborative approaches to address grizzly bear issues with the USFWS, USFS, and MFWP. We see a unique opportunity to demonstrate innovative private/public partnership that will benefit the grizzly bear recovery program. Instead, we find that both federal and state agencies are very entrenched in their approach to grizzly bear recovery and mitigation in the Cabinet Yaak Ecosystem; focusing primarily on purchasing private lands.

NW Montana communities are extremely frustrated with the grizzly bear issue, the agencies, and how it affects traditional uses of public lands and the limitations it places on potential job opportunities. Both private industry and local communities understand the grizzly bear issue can only be resolved with the

successful recovery of the bears. The question is how that is accomplished in an open and collaborative manner.

We would encourage the legislature to weigh in on critical issues ~~that would help direct the various departments on these federal issues.~~ ^{UNDER STATE DIRECTION} It is our belief that studies, research, and overall management of ESA species issues are better managed ~~and~~ ^{AND} ~~understand local dynamics under the state direction.~~ ^{CONSIDERABLE LOCAL & REGIONAL DYNAMICS BETTER.}

It is also important that appropriate funding levels be ^{PRIVATE,} maintained to address ESA issues, which will include local, state, and federal funding for projects such as a possible Cabinet Yaak Ecosystem wide grizzly bear population study. These efforts will help to answer important biological questions, document the health of the grizzly bear recovery, help development innovative management techniques, and most important, allow economic growth in economically depressed communities.

~~The last year's legislature initiated discussion on the grizzly bear recovery plan and how to best approach this important issue in the State.~~ We would encourage this legislature to ~~continue those efforts and~~ increase their involvement to ensure MFWP gains management responsibilities for grizzly bears and wolves in Montana.

Montanore Minerals Corporation believes projects like the Montanore silver/copper project are vital to rural community's economic development and job opportunities. We remain

committed to innovative and responsible mineral development and hope to be an important component of Montana's economy.

I appreciate the opportunity to speak with you today and we look forward to working with you on important issues facing the state.